

Message Text

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ACTION EB-08

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DEPT. PASS CEA, TREAS, FRB

E.O. 11652:N/A
TAGS: ECON, CA
SUBJECT: CANADIAN UNEMPLOYMENT RATE CLIMBS IN MARCH.

1. SUMMARY. CANADIAN SEASONALLY ADJUSTED UNEMPLOYMENT RATE CLIMBED TO 8.6 PERCENT IN MARCH FROM FEBRUARY LEVEL OF 8.3 PERCENT. UNADJUSTED RATE WAS 9.7 PERCENT. LABOR FORCE, TOTAL EMPLOYMENT AND UNEMPLOYMENT GREW STRONGLY. PARTICIPATION RATE REGISTERED SHARP INCREASE FOR SECOND SUCCESSIVE MONTH. UNEMPLOYMENT RATE INCREASED FOR ALL AGE/SEX GROUPS AND IN MOST PROVINCES. RISE IN UNEMPLOYMENT RATE DOES NOT NECESSARILY REFLECT FURTHER SOFTENING OF ECONOMY, BUT WILL BE OBJECT OF CRITICAL POLITICAL ATTENTION. END SUMMARY.

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2. ACCORDING TO MARCH 18 STATCAN RELEASE, SEASONALLY ADJUSTED UNEMPLOYMENT RATE ROSE TO 8.6 PERCENT IN MARCH FROM FEBRUARY LEVEL OF 8.3 PERCENT. LABOR FORCE EXPANDED 87,000 TO 10.9 MILLION, WHILE TOTAL EMPLOYMENT INCREASED BY 50,000 TO 10 MILLION, AND UNEMPLOYMENT ROSE BY 37,000 TO 930,000. PARTICIPATION SHOWED STRONG 0.4 PERCENT RISE TO 62.4 PERCENT. PARTICIPATION RATE HAS RISEN BY 0.8

PERCENT SINCE JANUARY AND HAS ACCOUNTED FOR OVER 75 PERCENT OF 165,000 INCREASE IN LABOR FORCE.

3. UNEMPLOYMENT AND PARTICIPATION RATES ROSE FOR ALL AGE/SEX GROUPS. FEMALE PARTICIPATION RATE INCREASED BY 0.7 PERCENT TO 58.4 PERCENT; MALE RATE ADVANCED BY 0.6 PERCENT TO 69.7 PERCENT.

4. UNEMPLOYMENT RATE DECLINED ONLY IN ALBERTA AND NEW BRUNSWICK. IT WAS CONSTANT IN MANITOBA AND ROSE IN ALL OTHER PROVINCES (SEE TABLE, PARA 9).

5. IN 12 MONTHS TO MARCH, LABOR FORCE GREW BY 3.7 PERCENT, EMPLOYMENT BY 3.2 PERCENT AND UNEMPLOYMENT BY 9.3 PERCENT. AGGREGATE PARTICIPATION RATE INCREASED BY 0.9 PERCENT OVER THIS PERIOD. UNEMPLOYMENT RATE WAS 8.1 PERCENT IN MARCH, 1977.

6. ON NON-SEASONALLY ADJUSTED BASIS, UNEMPLOYMENT RATE WAS 9.7 PERCENT, TOTAL EMPLOYMENT WAS 9.7 MILLION AND UNEMPLOYMENT STOOD AT 1.05 MILLION.

7. RATIO OF EMPLOYMENT TO WORKING AGE POPULATION WAS 57 PERCENT IN MARCH, INCREASE OF 0.2 PERCENT FROM FEBRUARY. SIMULTANEOUS INCREASE IN EMPLOYMENT RATE AND UNEMPLOYMENT RATE CAN BE EXPLAINED BY INCREASE IN PARTICIPATION RATE
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WHICH INCREASES LABOR FORCE, BUT DOES NOT AFFECT SIZE OF WORKING AGE POPULATION.

8. COMMENT. RISE IN UNEMPLOYMENT RATE IN MARCH DOES NOT NECESSARILY REFLECT FURTHER SOFTENING OF THE ECONOMY. EMPLOYMENT GROWTH REMAINED STRONG. NONETHELESS, POLITICAL OPPOSITION WILL CONTINUE TO RUB GOC'S NOSE IN HIGH UNEMPLOYMENT RATE, EMPHASIZING THAT STIMULUS CONTAINED IN NEW BUDGET (OTTAWA 1814) IS INADEQUATE COMPARED WITH MAGNITUDE OF THE PROBLEM.

9. TABLE: UNEMPLOYMENT BY PROVINCE:

-----	MAR/1978	FEB/78	MAR/77
NEWFOUNDLAND		16.5	15.8 16.1
P.E.I.	10.5	8.2	10.5
NOVA SCOTIA		11.2	10.3 11.9
NEW BRUNSWICK		13.3	13.4 14.2
QUEBEC	11.5	10.9	10.2
ONTARIO	7.4	7.0	7.1
MANITOBA	6.5	6.5	6.1
SASKATCHEWAN		5.7	5.1 5.2

ALBERTA	4.5	4.7	4.5
BRITISH COLUMBIA		8.5	8.4 8.8
CANADA	8.6	8.3	8.1
ENDERS			

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